

Message Text

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SUBJ: DOWN AND OUT IN LONDON AND MANCHESTER: ANOTHER LOOK
AT THE UNEMPLOYMENT FIGURES

REF: (A) LONDON 1046; (B) LONDON 823

L. BEGIN SUMMARY: WHICHEVER WAY ONE READS THE LATEST
UNEMPLOYMENT FIGURES FOR GREAT BRITAIN (5.1 PER CENT OF
THE WORK FORCE -- SEASONALLY ADJUSTED -- SEE REF A), THEY
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ARE GRIM ENOUGH AND THE OUTLOOK FOR EARLY IMPROVEMENT IS

NOT TOO BRIGHT. TRADE UNION REACTION TO THESE FIGURES HAS BEEN REMARKABLY RESTRAINED, BUT THE TUC LEADERSHIP IS BECOMING INCREASINGLY CONCERNED ABOUT THE EFFECT OF RISING UNEMPLOYMENT ON THEIR MEMBERSHIP. AND THE GOVERNMENT IS NOW COMING UNDER STRONG ATTACK IN THE COMMONS FROM ALL SIDES. AT THE SAME TIME, UNIONS ARE ESCALATING THEIR RESISTANCE TO MASS DISMISSALS IN KEY SECTORS OF THE ECONOMY -- SUAH AS STEEL. FOR THE MOMENT, THE GOVERNMENT IS DEMONSTRATING ITS "TRUE GRIT", REFUSING TO REFLATE PREMATURELY' AND HOPING TO KEEP THINGS IN CHECK UNTIL THE ECONOMY, AS THEY EXPECT, RIGHTS ITSELF. THE SOCIAL SECURITY SYSTEM AND SOMETIMES GENEROUS DISMISSAL (REDUNDANCY) PAYMENTS ARE ACTING TO CUSHION THE IMPACT OF JOB-LESSNESS ON WMRKERS AND THEIR FAMILIES. THE GNAWING QUESTION REMAINS: HOW LONG WILL THIS WORKER FOREBEARANCE LAST AND WHAT EFFECT WILL GROWING UNEMPLOYMENT HAVE ON THE NEXT -- AND VITAL -- STAGE OF THE VOLUNTARY INCOMES POLICY? END SUMMARY.

2. TUESDAY'S (JANUARY 20) FIGURES WERE AS USUAL SUBJECT TO VARIOUS INTERPRETATIONS. MOST MASS CIRCULATION NEWS-PAPERS PREFERRED THE GROSS, UNADJUSTED EMPLOYMENT FIGURES FOR THE UNITED KINGDOM WHICH SHOWED A POST-WAR HIGH PERCENTAGE OF 6.1 PER CENT OF THE WORKFORCE, OR 1,430,369 SOULS OUT OF WORK. HOWEVER, WHEN ONE USES THE TOTAL FOR GREAT BRITAIN (NORTHERN IRELAND EXCEPTED), SEASONALLY ADJUSTED AND EXCLUDING SCHOOL-LEAVERS AND ADULT STUDENTS' THE ARITHMETIC OF 5.1 PER CENT, OR 1,159,000, IS SOMEWHAT MORE MODEST, IF HARDLY LESS PAINFUL. LEAVING ASIDE THE LONG-STANDING VIEW OF THE U.S. DEPARTMENT OF LABOR THAT BRITAIN UNDERESTIMATES ITS UNEMPLOYMENT RATE OR THE ALLEGATION OF SIR KEITH JOSEPH THAT IT OVERESTIMATES IT, MORE PEOPLE ARE OUT OF WORK IN THIS COUNTRY THAN AT ANY TIME SINCE THE SECOND WORLD WAR. ONE MUST ALSO VIEW THE CURRENT SITUATION IN THE LIGHT OF THE LONG-HELD BELIEF OF MANY POLITICIANS, TRADE UNION LEADERS, INDUSTRIALISTS, AND JOURNALISTS THAT THE EXPLOSIVELY AND POLITICALLY DANGEROUS LEVEL OF UNEMPLOYMENT WAS A COOL MILLION. (THIQ PSYCHOLOGICAL BARRIER, LIKE SO MANY OTHERS' HAS SOMETIME SINCE BEEN BROKEN.)

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3. UP TO NOW, THE TUC LEADERSHIP HAS SHOWN REMARKABLE RESTRAINT IN PUBLIC UTTERANCES ON THIS SUBJECT. GENERAL SECRETARY LEN MURRAY, JACK JONES (TRANSPORT WORKERS), DAVID BASNETT (GENERAL AND MUNICIPAL WORKERS) AND OTHERS IN THE TUC "ESTABLISHMENT", FOR EXAMPLE, WOULD HAVE NOTHING TO DO WITH A DEMONSTRATION ON UNEMPLOYMENT ORGANIZED BY THE LEFT-WING LAST NOVEMBER ALTHOUGH 20,000 DID MARCH IN LONDON WITHOUT THEIR OFFICIAL SANCTION. FROM

TIME TO TIME TUC LEADERS HAVE' OF COURSE' CONTINUED TO
REMIND THE GOVERNMENT THAT THE UNIONS' WAGE RESTRAINT
MUST BE BALANCED BY EFFECTIVE GOVERNMENT MEASURES TO
DEAL WITH UNEMPLOYMENT. DAVID BASNETT HAS URGED THE
GOVERNMENT, AMONG OTHER THINGS, TO STIMULATE THE AILING
CONSTRUCTION INDUSTRY. INDIVIDUAL TRADE UNION LEADERS
IN THE GOVERNMENT AND THE PUBLIC SERVICES SUCH AS ALLAN
FISHER (PUBLIC WORKERS) AND GEOFFREY DRAIN (LOCAL GOVERN-
MENT) HAVE CONSISTENTLY ATTACKED GOVERNMENT CUTS IN
SERVICES AND THEIR CONSEQUENT EFFECT ON UNEMPLOYMENT.
AND, WHERE MASSIVE REDUNDANCIES HAVE BEEN PROPOSED, SUCH
AS IN THE STEEL INDUSTRY, THE UNIONS, LED BY BILL SIRS,
HEAD OF THE IPON AND STEEL TRADES CONFEDERATION, HAVE

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STRONGLY RESISTED AND IN FACT STRUCK SOME OF BRITISH STEEL'S KEY FACILITIES (PORT TALBOT). WITHAL, THE OVERALL TUC REACTION HAS BEEN A FAR CRY FROM WHAT MIGHT HAVE BEEN EXPECTED -- MMST CERTAINLY IF THE CONSERVATIVES WERE IN POWER.

4. THE GOVERNMENT HAS NOT BEEN ENTIRELY IDLE IN DEALING WITH THE PROBLEM, OF COURSE. IT HAS INTRODUCED JOB CREATION SCHEMES, EMPLOYER SUBSIDY INCENTIVES TO RETAIN
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EMPLOYEES WHO OTHERWISE MIGHT HAVE BEEN DISMISSED, AND OTHER MEASURES. BASICALLY, HOWEVER, THESE ACTIONS HAVE BEEN MORE IN THE NATURE OF PLACEBOS AND WOULD NOT BE EXPECTED TO HAVE A MAJOR EFFECT ON THE UNEMPLOYMENT TREND. THE GOVERNMENT, OR AT LEAST SOME OF ITS MINISTERS (SEE REF B), MAY BE EYEING THE NEW DEAL EXPERIENCE IN MASSIVE JOB CREATION -- AT LEAST FOR YOUTH -- BUT NOTHING VERY CONCRETE HAS YET EMERGED. MOREOVER, THE GOVERNMENT HAS MADE IT CLEAR THAT IT WILL NOT INTRODUCE ANY MAJOR REFLATIONARY MEASURES WHICH WOULD NOT ONLY ENDANGER THEIR ENTIRE SAVE-THE-ECONOMY EXERCISE. BUT COULD NOT REVERSE THE TREND WITHOUT A LAG.

5. HOWEVER, DESPITE RECORD LEVELS OF UNEMPLOYMENT, IT WOULD BE WRONG TO EQUATE 1976 WITH 1933. TO BE SURE' MEMORIES OF THE GREAT DEPRESSION LINGER ON, AS THEY DO IN THE UNITED STATES, BUT THE MEANS TO DEAL WITH JOBLESSNESS ARE VASTLY DIFFERENT TODAY THAN THEY WERE THEN. TODAY, THERE IS A COMPREHENSIVE SOCIAL SECURITY SYSTEM IN BRITAIN, FUNDED BY CONTRIBUTIONS FROM EMPLOYERS, WORKERS, AND THE GOVERNMENT. IN ADDITION TO REGULAR UNEMPLOYMENT BELEFITS AVAILABLE FOR UP TO NEARLY A YEAR AND EARNINGS PELATED SUPPLEMENTARY UNEMPLOYMENT BENEFITS AVAILABLE FOR SIX MONTHS, THERE ARE ALSO OTHER MEANS-TESTED SUPPLEMENTARY BENEFITS SAMUEL BRITTAN, THE ECONOMIC WRITER FOR THE"FINANCIAL TIMES" (AUGUST 21,1975), CAREFULLY DEMONSTRATES, IN FACT, THAT IT IS POSSIBLE FOR SOME WORKERS (A MAN WITH A WIFE AND TWO CHILDREN) TO GAIN MORE MONEY WHEN UNEMPLOYED THAN WHEN WORKING, IF ONE ADDS FAMILY ALLOWANCES, TAX AND RENT REBATES AND OTHER BENEFITS TO THE UNEMPLOYMENT CHECK. BRITTAN, HOWEVER, ACKNOWLEDGES THAT THERE IS A SPECTRUM OF UNEMPLOYED WHICH INCLUDES AT ONE END "THOSE PEOPLE WHO ARE LIKELY

TO BE CHOOSY ABOUT THE KIND OF WORK THEY WILL ACCEPT AND
TAKE LONGER TO LOOK AROUND FOR A JOB", AND, AT THE OTHER
END MUCH REAL POVERTY WHICH IS "LIKELY TO GROW WITH
UNEMPLOYMENT FIGURES". REDUNDANCY PAYMENTS -- PAID ON
PERMANENT LAYOFF OF WORKERS SUCH AS IN THE RECENT
CHRYSLER-UK RETRENCHMENT - ARE ANOTHER SOURCE OF CUSH-
IONING. ACCORDING TO LENGTH OF SERVICE, THEY CAN BE AS
HIGH AS SEVERAL THOUSAND POUNDS.

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6. THESE, OF COURSE, ARE ALL IMPORTANT "SHOCK ABSORBERS.
BUT THEY LEAVE OUT ONE CONSIDERATION WHICH IS DIFFICULT
TO QUANTIFY: THE MORAL AND SPIRITUAL EROSION WHICH
ACCOMPANIES LONG PERIODS OF JOBLESSNESS. (AS GEORGE
ORWELL VIVIDLY WROTE IN THE 'ROAD TO WIGAN PIER" OF
BRITISH UNEMPLOYED DURING THE GREAT DEPRESSION: 'IN THEIR
CIRCUMSTANCES IT WAS INEVITABLE. AT FIRST, THAT THEY
SHOULD BE HAUNTED BY A FEELING OF PERSONAL DEGRADATION.
THAT WAS THE ATTITUDE TOWARDS UNEMPLOYMENT IN THOSE
DAYS; IT WAS A DISASTER WHICH HAPPENED TO YOU AS AN
INDIVIDUAL AND FOR WHICH YOU WERE TO BLAME".) IN OUR TALK
WITH A NUMBER OF BRITISH TRADE UNIONISTS, INCLUDING

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DAVID BASNETT AND HIS ASSOCIATES, THEY TESTIFY TO THE
CONTINUATION OF THIS ATTITUDE EVEN TO THIS DAY.

7. THE GOVERNMENT, THE TUC LEADERSHIP, THE EMPLOYERS --
AND OTHER CONCERNED AND RESPONSIBLE LEADERS -- DO ACCEPT
THAT SACRIFICE IS NECESSARY BEFORE BRITAIN TURNS THE
CORNER. GOVERNMENTAL LEADERS WITH WHOM WE TALKED -- FROM
PRIME MINISTER HAROLD WILSON ON DOWN -- RADIATE CONSIDER-
ABLE OPTIMISM ABOUT BRITAIN'S ABILITY TO PULL OUT OF THE
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WORSE DEPRESSION SINCE THE 1930S. BUT THERE IS A RACE
AGAINST TIME INVOLVED. THE GOVERNMENT NEEDS TRADE UNION
COOPERATION IN MAINTAINING THE NEXT -- AND VITAL -- STAGE
OF THE INCOMES POLICY. IT NEEDS INDUSTRY'S COOPERATION
ON PRICES. SURELY UNEMPLOYMENT WILL RISE GRADUALLY FOR
A GOOD PART OF THIS YEAR, BUT THE GOVERNMENT CANNOT DO
MUCH ABOUT IT LEST PREMATURE REFLATION NEGATE ITS PRE-
SENT ANTI-INFLATION EFFORTS. THE TRADE UNION "ESTABLISH-
MENT" NEEDS SUFFICIENT BACKUP FROM THE RANK-AND-FILE IF
IT WISHES TO CONTINUE UPHOLDING THE GOVERNMENT'S EFFORTS.
WHILE DEEPENING UNEMPLOYMENT HAS INDEED A SOBERING AND
PERHAPS CHASTENING EFFECT, IT ALSO PROVIDES ARMS TO THE
MILITANT EXTREME LEFT-WING AND ITS ALLIES WHO ARE ACTIVE
AT THE WORKPLACE LEVEL -- A SITUATION WHICH THE TUC
LEADERSHIP MUST CONTEND WITH. IT IS STILL TOO SOON TO
SAY WHETHER THE "RESPONSIBLES" ON ALL SIDES WILL BE ABLE
TO "TOUGH IT OUT, LONG ENOUGH TO ALLOW THE ECONOMY TO
REVIVE. WE ARE NOW WITNESSING THE START OF THE "RE-ENTRY"
PERIOD WITH ALL ITS ATTENDANT POLITICAL AND SOCIAL

DANGERS.

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